



# Retail Partner Programs

## 1995 Retail Merchandising

## 1995 Retail Co-Marketing

*RJ Reynolds*  
Tobacco Company

# Retail Partners Program Background

- The cigarette industry has changed dramatically over the past few years:
  - *Price rollback*
  - *B&W / ATC merger*
- RJR's needs have changed:
  - *Link trade programs*
  - *Support strategic brands at Retail*
  - *Develop foundation for future growth*
- Retailers needs have also changed :
  - *Address customer needs in all relevant price tiers*
  - *Competition from other retailers / classes of trade*
  - *Increase customer traffic & loyalty*

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# Retail Partners Program Objectives

- Create meaningful partnerships with the Retail Trade.
- Provide "Total Category Partners" with a clear point-of-difference.
- Position RJR to serve as the true "Category Advisor".
- Maximize Retailer and RJR Profits.
- Develop foundation for future growth of Retailer profit and RJR brands.



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# Retail Partners Program

## Summary of Changes

- *Merchandising*

- Shift to performance based merchandising (based on RJR volume).
- Linkage to marketing objectives at retail -- 2 full price feature displays and 1 savings.

- *Co-Marketing*

- Co-Marketing Funds - greater impact / point of difference.
- Co-Marketing Funds - linked to merchandising and RJR volume.

- *Program Management*

- Partnership approach to retail needs / priorities.
- Field sales flexibility and targeting for long-term growth.

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# 1995 Merchandising Program - Pack Outlets *Program Requirements*

## Elements:

### Merchandising

#### Base

- 2 - Full Price Displays
- 1 - Savings Display
- Share of Signage
- RJR - no competitive disadvantage

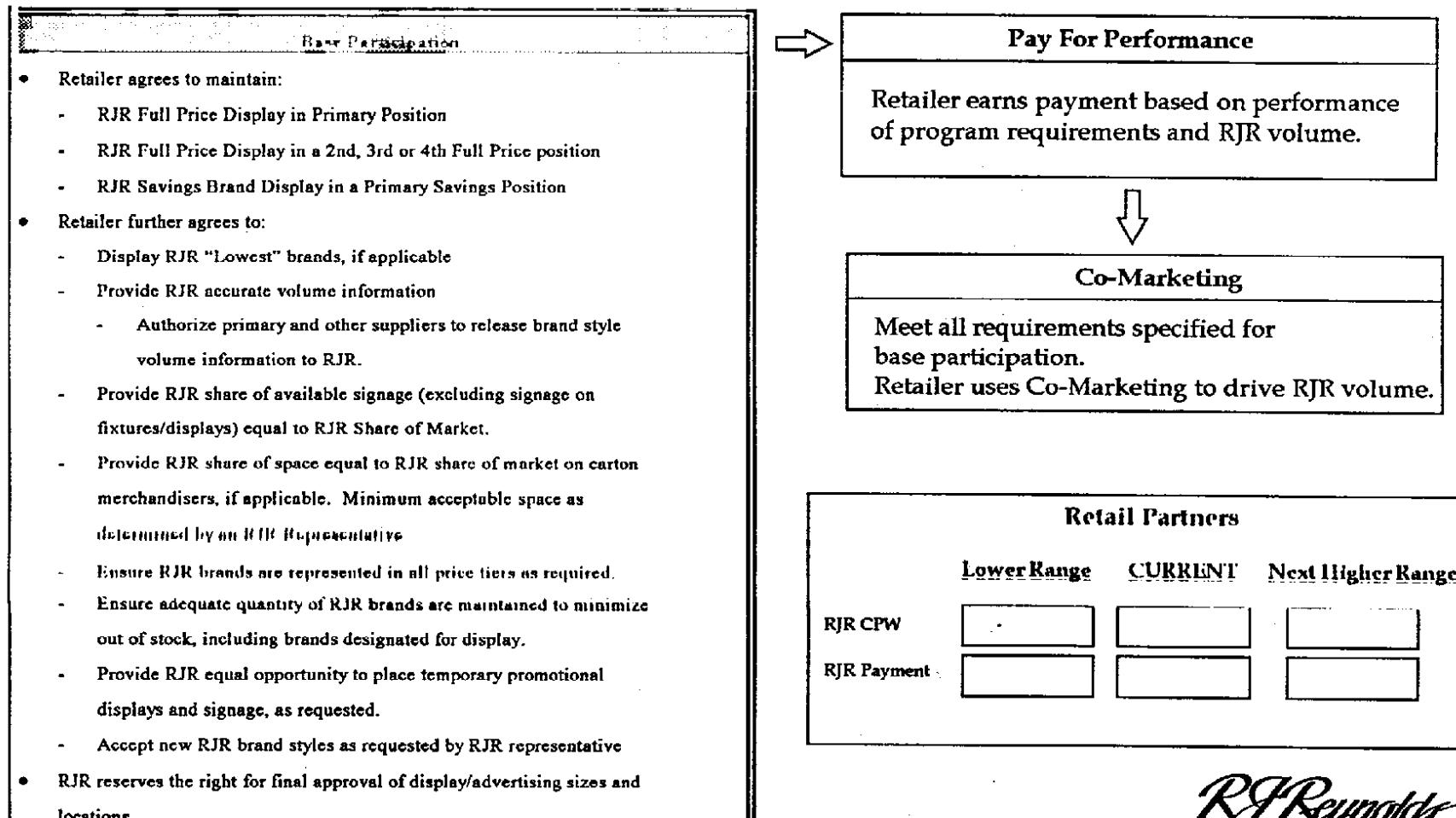


### Co-Marketing

- Accrual fund to promote RJR Full Price Brands
- 2 levels of Partnership:
  - Total Category Partner - RJR "Everyday Low Price" brand
  - Merchandising Partner - No RJR "Everyday Low Price" brand

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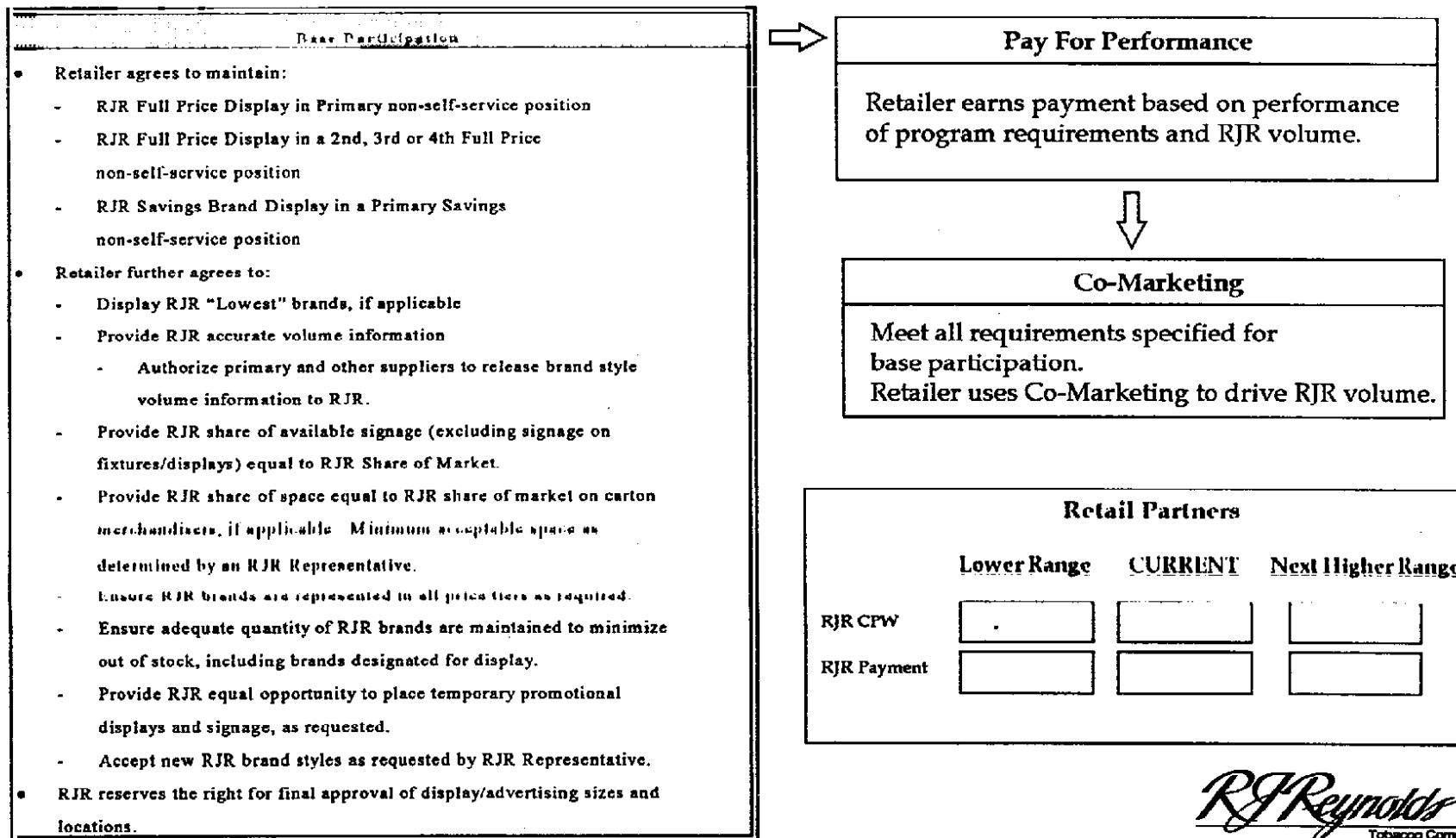
# 1995 Merchandising *Program Requirements* Self Service Pack Outlets



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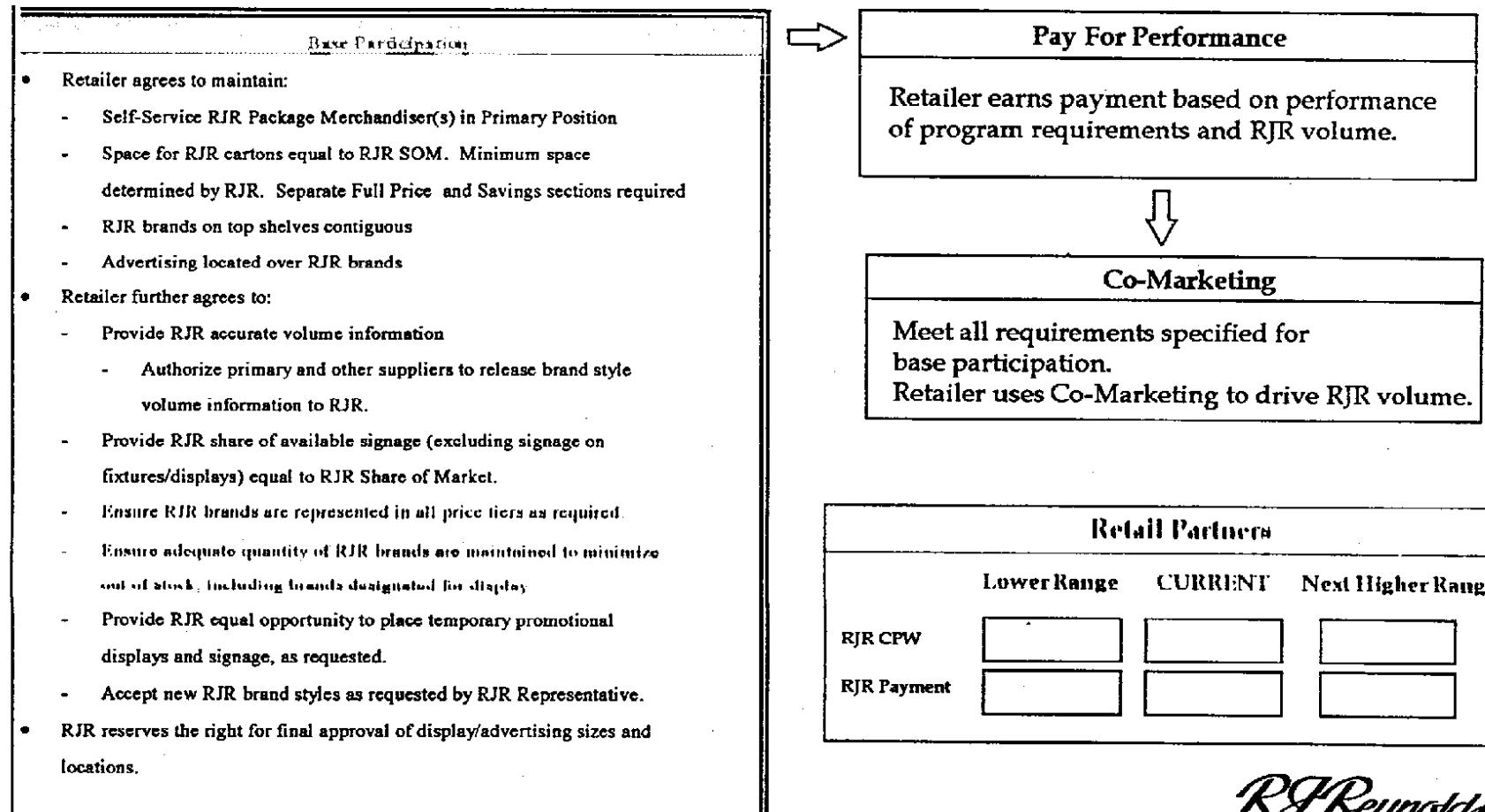
# 1995 Merchandising Program Requirements

## Non-Self Service Pack Outlets



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# 1995 Merchandising Program - Self Service Carton Outlets *Program Requirements*



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# 1995 Merchandising Program - Non-Self Service Carton Outlets *Program Requirements*

Basic Participation	
<ul style="list-style-type: none"><li>• Retailer agrees to maintain:<ul style="list-style-type: none"><li>- RJR Package Merchandiser(s) in Primary position (Self-Service)</li><li>- Space for non-self-service cartons equal to RJR SOM. Minimum space determined by RJR. Separate Full Price and Savings sections required</li><li>- RJR brands on top shelves contiguous</li><li>- Advertising located over RJR brands.</li></ul></li><li>• Retailer further agrees to:<ul style="list-style-type: none"><li>- Provide RJR accurate volume information<ul style="list-style-type: none"><li>- Authorize primary and other suppliers to release brand style volume information to RJR.</li></ul></li><li>- Provide RJR share of available signage (excluding signage on fixtures/displays) equal to RJR Share of Market. <i>Please let brands be represented in all price tiers as required</i></li><li>- Ensure adequate quantity of RJR brands are maintained to minimize out of stock, including brands designated for display.</li><li>- Provide RJR equal opportunity to place temporary promotional displays and signage, as requested.</li><li>- Accept new RJR brand styles as requested by RJR representative.</li></ul></li><li>• RJR reserves the right for final approval of display/advertising sizes and locations.</li></ul>	→

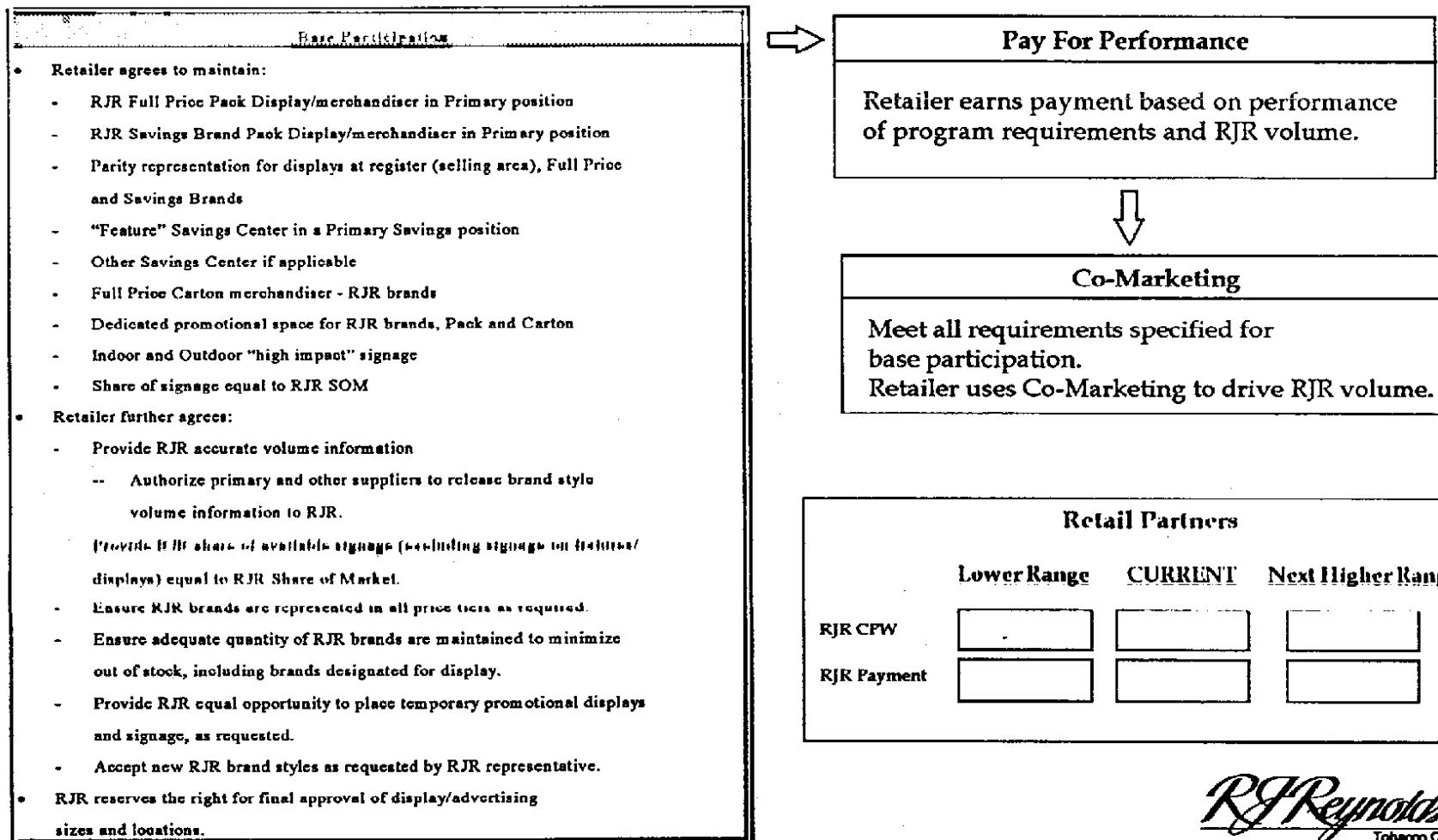
Pay For Performance
Retailer earns payment based on performance of program requirements and RJR volume.

Co-Marketing
Meet all requirements specified for base participation. Retailer uses Co-Marketing to drive RJR volume.

Retail Partners			
	Lower Range	CURRENT	Next Higher Range
RJR CPW	<input type="text"/>	<input type="text"/>	<input type="text"/>
RJR Payment	<input type="text"/>	<input type="text"/>	<input type="text"/>

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# 1995 Merchandising Program - Cigarette Outlets *Program Requirements*



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## 1995 Co-Marketing Promotion Accrual Program Partnership Definition

<u>Total Category Partner</u>	<u>Merchandising Partner</u>	<u>Non-Partner</u>
<b>Base Merchandising Elements</b>	<b>Base Merchandising Elements</b>	<b>No Base Elements</b>
<b>RJR Everyday Low Price Brand</b>	<b>No RJR EDLP Brand</b>	<b>N/A</b>
<b>Maximum Per Carton Rate</b>	<b>Lower Per Carton Rate</b>	<b>N/A</b>
<b>Premium Menu Option</b>	<b>No Premium Menu Option</b>	<b>N/A</b>
<b>Option to Match</b>	<b>Must Match</b>	<b>N/A</b>

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## 1995 Co-Marketing Promotion Accrual Program

*Applies to both Pack and Carton Outlet Co-Marketers*

### Co-Marketing:

- Accrual fund to promote **RJR Full Price** brands.
- Fund accrues monthly.
  - Utilized quarterly
- Unused funds can be rolled to subsequent quarters.
  - No rollover to subsequent year

#### Total Category Partner

\$

#### Merchandising Partner

\$

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## Retail Partners Earnings Comparison

	<u>1994</u>	<u>1995</u>	<u>Difference</u>
<b>Merchandising \$</b>	[Redacted]	[Redacted]	[Redacted]
<b>Co-Marketing \$</b>	[Redacted]	[Redacted]	[Redacted]
<b>Total \$</b>	[Redacted]	[Redacted]	[Redacted]

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# The Co-Existence Strategy

## Exposure

It takes all kinds of cigarettes to make the category #1.

## Selection

The majority of cigarette consumers don't buy the best selling brand.

## **Co-Existence Is Best For the Retailer**

## Inventory

Inventory doesn't sell cigarettes. Displays sell inventory.

## Promotions

The more you do for your customers, the more you do for your sales.

***Don't Sell Yourself Short !***

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**Recommendations :**

**We look forward to working with you as a partner to achieve success  
in meeting the needs of our consumers and cigarette category  
objectives in 1995.**

***Thank You !***

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